

NOTES TO THE INTERIM FINANCIAL STATEMENTS
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PART A: DISCLOSURE NOTES AS REQUIRED UNDER FRS 134 - INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with applicable disclosure provisions of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting Standard ("FRS") 134²⁰⁰⁴: Interim Financial Reporting as issued by Malaysian Accounting Standards Board ("MASB").

The interim financial statements have also been prepared in accordance with the same accounting policies adopted for Annual Financial Statements for 2008.

The preparation of an interim financial statement in conformity with FRS 134²⁰⁰⁴: Interim Financial Reporting requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since Annual Financial Statements for 2008.

Annual Financial Statements for the financial year ended 30 September 2008 are available from the Company's registered office.

2. Changes in Accounting Policies

The Group's audited consolidated financial statements for financial year ended 30 September 2008 were prepared in accordance with applicable approved accounting standards in Malaysia.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's Annual Financial Statements for the financial year ended 30 September 2008 was not subject to any qualification.

4. Comments about Seasonal and/or Cyclical Factors

The Group's business operations are not materially affected by any major seasonal or cyclical factors.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date.

6. Material Changes in Estimates

There were no material changes in estimates of amount reported in prior financial year that have a material effect on the current quarter and financial year-to-date.

7. Issuance and Repayment of Debt and Equity Securities

During the current quarter, the Company's 24,728,495 new ordinary shares of RM1.00 each arising from the conversion of 24,728,495 Irredeemable Convertible Preference Shares have been granted listing and quotation with effect from 9.00 a.m., Friday, 10 April 2009.

8. Dividend

During the current quarter, on 26 June 2009, the Company had paid an interim dividend of 3.5% less 25% tax for the financial year ending 30 September 2009.

Other than the dividend paid on 26 June 2009, the Company has not proposed any additional dividend for the current quarter and financial year-to-date.

9. Segmental Information

Primary Segment Analysis
(Business Segments)

	<u>Fabrication</u> RM'000	Non-Destructive Testing Services <u>("NDTS")</u> RM'000	Inter-Company <u>Elimination</u> RM'000	<u>Group</u> RM'000
<u>Financial Period Ended 30 June 2009</u>				
<u>Revenue</u>				
External sales	117,809	2,591		120,400
Inter-segment sales	29,219	1,953	(31,172)	-
Total - Revenue	147,028	4,544	(31,172)	120,400
<u>Results</u>				
Segment profit	18,875	714		19,589
(Less): Unallocated costs				(980)
Results from operating activities				18,609
Add/(less):				
Interest income				1,029
Finance costs				(257)
Operating profit/profit before taxation				19,381
(Less): Tax expense				(6,505)
Profit for the period				12,876

10. Valuation of Property

The Group adopts a policy to revalue its properties once every five (5) years and the Group had revalued its properties for financial year ended 30 September 2007.

11. Subsequent Material Events

There were no material events subsequent to the end of the current quarter.

12. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

13. Contingent Liabilities

There were no material contingent liabilities for the Group as at the date of this announcement.

14. Capital Commitments

During the current quarter, the Company's wholly-owned subsidiary, Amalgamated Metal Corporation (M) Sdn Bhd ("AMC"), had contracted to acquire a parcel of leasehold industrial land with existing buildings for an aggregate purchase consideration of Ringgit Malaysia Twenty Three Million (RM23,000,000) only. This Proposed Acquisition is expected to be completed in the fourth (4th) quarter of financial year ending 30 September 2009.

15. Significant Related Party Transactions

Related party transactions for the current quarter and financial year-to-date are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u> <u>30 Jun 2009</u> RM'000	<u>Preceding Year Corresponding Quarter</u> <u>30 Jun 2008</u> RM'000	<u>Current Year To Date</u> <u>30 Jun 2009</u> RM'000	<u>Preceding Year Corresponding Year To Date</u> <u>30 Jun 2008</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	102	102	306	306
Technical Resources Sdn Bhd - For purchases of welding consumables and maintenance of equipment	47	1,066	352	1,776
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	536	519	1,542	1,288
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	122	145	175	190
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	78	222	544	550
TTS Enterprise Sdn Bhd - For maintenance of equipment	8	25	29	33
TTS Teknik Sdn Bhd - For services rendered on machining and processing works	4	4	29	21

Mr. Yap Kow @ Yap Kim Fah is a substantial shareholder and Director of Technical Resources Sdn Bhd and TTS Resources Sdn Bhd.

Mr. Yap Kau @ Yap Yeow Ho is a substantial shareholder and Director of TTS Resources Sdn Bhd.

PART B: EXPLANATORY NOTES PURSUANT TO LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Review of Performance

Although both revenue and gross profit were flat year-on-year, third (3rd) quarter profit before taxation was about 30% higher largely due to exchange gain on weakening Ringgit Malaysia against United States Dollar. The quarter performance has also benefited from write-back of provision amounting to RM2.6 million of which RM1.6 million relates to provision for rectification works. The Group's NDTs division has performed in line with the domestic fabrication sector. (Please refer to Note 18, prospects for current financial year.)

17. Review of Current Quarter's Results against Preceding Quarter's Results

Third (3rd) quarter revenue rose by 5.4% quarter-to-quarter to RM45.2 million. However, gross profit jumped 119% to RM12.9 million largely due to provision write-back of RM2.6 million and favourable product mix.

18. Prospects for Current Financial Year

Although current global financial crisis and commodities prices have stabilised, these have not translated into increase capital expenditure for process equipment. The Directors expect next year to be a challenging year.

19. Variance of Actual and Forecast Profit

There was no profit forecast or profit guarantee announced during the current quarter and financial year-to-date.

20. Tax Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Jun 2009</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2008</u> RM'000	Current Year To Date <u>30 Jun 2009</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2008</u> RM'000
<u>Tax expense</u>				
Current year	2,670	2,369	5,107	6,109
Under provision in prior year	1,398	-	1,398	-
	<u>4,068</u>	<u>2,369</u>	<u>6,505</u>	<u>6,109</u>

The Group has provided for income tax for profitable subsidiaries whereby these profits cannot be set-off against losses made by other subsidiaries as group tax relief is not available.

21. Unquoted Investments and/or Properties

The Group has not made any investment in or disposal of any unquoted investments and/or properties during the current quarter and financial year-to-date other than as disclosed by Note 14, Capital Commitments.

22. Quoted and Marketable Securities

The Group has not made any investment in or disposal of any quoted and marketable securities during the current quarter and financial year-to-date.

23. Group's Borrowings

The Group has no outstanding borrowing as at the end of the current quarter and the last financial year.

24. Off Balance Sheet Financial Instruments

The Group has approximately US\$3.3 million equivalent of forward contracts outstanding as at 18 August 2009. Transactions in foreign currencies are recorded in Ringgit Malaysia at rates ruling at the transaction dates. There are minimal credit and financial risks as these forward contracts are for hedging purposes and are done with reputable financial institutions.

25. Changes in Material Litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries, and the Board is not aware of any proceeding pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries.

26. Earnings Per Share

Basic Earnings Per Ordinary Share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Jun 2009</u>	Preceding Year Corresponding Quarter <u>30 Jun 2008</u> (Restated)	Current Year To Date <u>30 Jun 2009</u>	Preceding Year Corresponding Year To Date <u>30 Jun 2008</u> (Restated)
Profit Attributable To Ordinary Shareholders (RM'000):				
Profit for the period				
- Continuing operations	6,325	5,607	12,876	15,698
- Discontinued operation	-	(18)	-	(135)
	<u>6,325</u>	<u>5,589</u>	<u>12,876</u>	<u>15,563</u>
(Less): Dividend on preference shares' equity component				
- Continuing operations	-	(305)	(657)	(913)
- Discontinued operation	-	-	-	-
	<u>-</u>	<u>(305)</u>	<u>(657)</u>	<u>(913)</u>
Net profit attributable to ordinary shareholders				
- Continuing operations	6,325	5,302	12,219	14,785
- Discontinued operation	-	(18)	-	(135)
	<u>6,325</u>	<u>5,284</u>	<u>12,219</u>	<u>14,650</u>

Weighted Average Number Of Ordinary Shares ('000):				
Issued ordinary shares at beginning of period	88,147	88,147	88,147	88,147
(Less): Effect of treasury shares held	(2,030)	(2,030)	(2,030)	(2,030)
Add: Effect from conversion of preference shares into ordinary shares	24,728	-	8,424	-
Weighted average number of ordinary shares	<u>110,845</u>	<u>86,117</u>	<u>94,541</u>	<u>86,117</u>

Basic earnings per ordinary share (sen)				
- Continuing operations	5.71	6.16	12.92	17.17
- Discontinued operation	-	(0.02)	-	(0.16)
	<u>5.71</u>	<u>6.14</u>	<u>12.92</u>	<u>17.01</u>

Diluted Earnings Per Ordinary Share

The effect of dilution on the earnings per ordinary share arises from the assumption of full conversion of the Irredeemable Convertible Preference Shares ("ICPS") and the saving of the 5.5% dividend thereon.

The calculation of diluted earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive of ordinary shares, calculated as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u> <u>30 Jun 2009</u>	<u>Preceding Year Corresponding Quarter</u> <u>30 Jun 2008</u> (Restated)	<u>Current Year To Date</u> <u>30 Jun 2009</u>	<u>Preceding Year Corresponding Year To Date</u> <u>30 Jun 2008</u> (Restated)
Profit Attributable To Ordinary Shareholders (Diluted) (RM'000):				
Profit for the period				
- Continuing operations	6,325	5,607	12,876	15,698
- Discontinued operation	-	(18)	-	(135)
	<u>6,325</u>	<u>5,589</u>	<u>12,876</u>	<u>15,563</u>
Add: Dividend on preference shares' liability component				
- Continuing operations	-	36	23	108
- Discontinued operation	-	-	-	-
	<u>-</u>	<u>36</u>	<u>23</u>	<u>108</u>
Net profit attributable to ordinary shareholders (diluted)				
- Continuing operations	6,325	5,643	12,899	15,806
- Discontinued operation	-	(18)	-	(135)
	<u>6,325</u>	<u>5,625</u>	<u>12,899</u>	<u>15,671</u>
Weighted Average Number Of Ordinary Shares (Diluted) ('000):				
Weighted average number of ordinary shares in issue	110,845	86,117	94,541	86,117
Add: Effect from conversion of preference shares into ordinary shares	-	24,728	16,304	24,728
Weighted average number of ordinary shares (diluted)	<u>110,845</u>	<u>110,845</u>	<u>110,845</u>	<u>110,845</u>
Diluted earnings per ordinary share (sen)				
- Continuing operations	5.71	5.09	11.64	14.26
- Discontinued operation	-	(0.02)	-	(0.12)
	<u>5.71</u>	<u>5.07</u>	<u>11.64</u>	<u>14.14</u>

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 25 August 2009.

By Order of the Board of Directors
APB RESOURCES BERHAD (564838-V)

CHEOK KIM CHEE (LS: 000012)
Company Secretary
25 August 2009